

CORPORATE NEWS

JOST confirms results for fiscal year 2019 and suspends forecast for fiscal year 2020 due to the effects of the coronavirus pandemic

- **2019 sales of EUR 736 million (2018: EUR 755 million)**
- **Adjusted EBIT in 2019 amounts to EUR 77 million (2018: EUR 81 million)**
- **Adjusted EBIT margin in 2019 almost stable at 10.4% (2018: 10.7%)**
- **JOST suspends forecast for 2020: A reliable estimate of the course of business in 2020 is not possible under the currently rapidly changing circumstances**

Neu-Isenburg, March 24, 2020. JOST Werke AG (“JOST”), a leading global producer and supplier of safety-critical systems for the commercial vehicle industry, confirms the preliminary results published on February 18, 2020. Given the extreme dynamic developments of the coronavirus pandemic, JOST suspends the forecast presented in the approved Annual Group Report 2019.

Joachim Dürr, Chief Executive Officer (CEO) of JOST Werke AG, said: “2019 was an eventful and busy year for JOST. Although not all markets developed as we thought they would at the beginning of the year, we performed well in 2019. The current year is already throwing up new and larger challenges that must be successfully mastered, too. The coronavirus pandemic will have a significant impact on global demand for commercial vehicles in fiscal year 2020. It is currently difficult to reliably estimate the economic impact on JOST. We are monitoring the situation at all our sites very closely and react quickly and consistently to protect the health of our employees worldwide and limit the negative impact on our business as much as possible.”

JOST confirms its preliminary results for fiscal year 2019

Consolidated sales declined slightly in fiscal year 2019 by 2.5% to EUR 736.3 million (2018: EUR 755.4 million). Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 1.1% to EUR 100.8 million (2018: EUR 99.7 million), while the adjusted EBITDA margin improved to 13.7% (2018: 13.2%), mainly due to the first-time application of IFRS 16. In fiscal year 2019, JOST was able to substantially compensate for its increased personnel expenses by means of efficiency

measures. Adjusted earnings before interest and taxes (EBIT) amounted to EUR 76.8 million (2018: EUR 81.2 million). The adjusted EBIT margin remained almost stable compared to the previous year at 10.4% (2018: 10.7%).

In Europe, sales decreased by 6.9% to EUR 431.7 million in 2019 (2018: EUR 463.8 million). The lower business volume and the increased personnel expenses reduced the adjusted EBIT because Europe bears the Group's administration costs and thus a comparatively higher share of fixed costs. Adjusted EBIT in Europe fell to EUR 38.2 million (2018: EUR 43.9 million), while the adjusted EBIT margin was 8.8% (2018: 9.5%).

North America remained the Group's main growth driver. Overall, sales grew by 11.1% to EUR 161.8 million in 2019 (2018: EUR 145.6 million). JOST was also able to steadily improve profitability in the region by investing in automation. Adjusted EBIT rose to EUR 15.5 million (2018: EUR 13.5 million) while the adjusted EBIT margin improved to 9.6% (2018: 9.3%).

In the Asia-Pacific-Africa (APA) region, JOST partially compensated for the collapse of demand in India by lifting sales in China and other countries in the region. Overall, sales in APA fell only slightly, by 2.1% to EUR 142.9 million (2018: EUR 146.0 million). Despite the sharp decline in the Indian market, JOST was able to significantly limit the decrease in its operating profit due to rapidly initiated cost reduction measures. Adjusted EBIT decreased to EUR 19.7 million in the APA region (2018: EUR 20.7 million), and the adjusted EBIT margin of 13.8% was only slightly lower than in the previous year (2018: 14.1%).

Further improvement in asset and capital structure

In fiscal year 2019, Group equity rose by 4.6% to EUR 263.1 million (December 31, 2018: EUR 251.6 million). Despite the initial application of IFRS 16 and a dividend payment of EUR 16.4 million, the equity ratio (equity divided by total assets) improved by 60 basis points to 41.2% year-over-year (December 31, 2018: 40.6%).

At the reporting date, liquid assets increased by EUR 38.7 million to EUR 104.8 million (December 31, 2018: EUR 66.1 million). This drove down net debt by 45.7% to EUR 46.3 million (December 31, 2018: EUR 85.2 million). Leverage – the ratio of net debt to adjusted EBITDA – improved to 0.46x (December 31, 2018: 0.85x).

Free cash flow (operating cash flow less investments) increased by 58.0% to EUR 60.0 million (2018: EUR 38.3 million). This trend was supported by the 4.2% decrease in working capital to EUR 133.9 million (December 31, 2018: EUR 139.8 million). Strict working capital management also resulted in a further improvement in the ratio of working capital to sales to 18.2% (2018: 18.5%).

“Over the past few years, we have continuously worked on significant improvements of JOST’s balance sheet structure and financial strength,” said Christian Terlinde, Chief Financial Officer of JOST Werke AG. “I therefore have a confident view of the future, despite the current challenges associated with the coronavirus outbreak. JOST is in a solid financial position to cope with the effects of this pandemic. The maturity profile of our current loans is long-term and balanced, with terms of between three and five years and without any leverage covenants.”

Profit after taxes

Profit after taxes in fiscal year 2019 amounted to EUR 33.5 million (2018: EUR 53.5 million). This significant decrease is attributable to a positive one-off tax effect in the previous year caused by the recognition of deferred taxes from interest and loss carryforwards of EUR 17.2 million. Income tax thus amounted to EUR -8.1 million in fiscal year 2019, while it was positive in the same period last year at EUR 9.9 million. Earnings per share accordingly declined to EUR 2.25 (2018: EUR 3.59).

After factoring in exceptionals, the adjusted profit after taxes declined by only 1.5% (and thus decreased less strongly than the volume of sales) and amounted to EUR 50.8 million (2018: EUR 51.6 million). Adjusted earnings per share came to EUR 3.41 (2018: EUR 3.46).

Dividend proposal

The Management Board wants shareholders to participate in the success of the 2019 fiscal year. For this reason, the Management Board would like to propose a dividend of EUR 0.80 per share (2018: EUR 1.10) to the Annual General Meeting. This would represent a total payout of EUR 11.9 million and means an increase of the payout ratio to 35.6% compared to the previous year (2018: 30.6%). This dividend proposal was approved on 13 March 2020.

In view of the current economic situation and its highly dynamic development, the Management Board must review the suitability of the dividend proposal. Against this background, the Management Board and the Supervisory Board reserve the option to reconsider the proposal. The Management Board will inform the shareholders in a timely manner.

Outlook

Since the preparation of the Annual Group Report 2019 on March 13, 2020, the effects of the coronavirus pandemic in Europe and North America have worsened with each day passing. In the meantime, many OEM customers have decided to temporarily shut down or else reduce their production volumes at several European plants in response.

The underlying assumptions on which the outlook in the Annual Group Report 2019 was based are no longer valid, as it is currently expected that the spread of the coronavirus pandemic will lead to a significant deterioration of the global economy in fiscal year 2020.

Due to the rapid spread of the pandemic worldwide, particularly in the last few days, the crisis measures being taken in relation thereto and their drastic effect on the economy, it is currently not possible to reliably estimate the development of the course of business for the 2020 fiscal year. Accordingly, the report on expected developments for the 2020 fiscal year, which is published on pages 55 and 56 of the Annual Group Report 2019, is no longer valid.

JOST has already applied for short-time work for a large part of the employees at its largest production site in Germany. The production sites in France, India, Brazil and South Africa had to be closed until further notice on the instructions of the local authorities. The remaining sites will react individually and flexibly to the changing circumstances. JOST will continue to maintain service and spare parts supply for customers in order to support delivery traffic on the roads. This helps ensure that the logistics industry, which is particularly important at the moment, can continue to operate safely so that people and hospitals can be supplied with all necessary goods.

Due to the speed with which the coronavirus pandemic is spreading and the lack of clarity over the duration and severity of the measures implemented in response, it is not possible to reliably estimate the economic impact on JOST. A dependable update of the outlook is not feasible under these rapidly changing circumstances. The Management Board is closely monitoring global developments and their influence on JOST's business and will provide a new forecast as soon as possible.

“In the past, we have shown that JOST can handle challenges with determination and a focus on results,” said Joachim Dürr, Chief Executive Officer of JOST Werke AG. “We have been active in a cyclical market for seven decades, during which we have succeeded in gaining a clear competitive advantage and have demonstrated our flexibility more than once. The current situation requires a sound and clear strategy and the ability to react quickly. We are working very hard on making rapid adjustments to our costs, structures and processes in line with the rapidly evolving situation. We are complying with the recommendations of the relevant authorities and initiating appropriate measures to protect our workforce against the growing pandemic.”

The Annual Group Report 2019 will be available for download as of March 25, 2020, at <http://ir.jost-world.com/reports>. JOST will hold a conference call will on March 25, 2020 at 10:00 a.m. CET. It can be followed over the Internet. After the conference call, the recording will be available on our website.

About JOST:

JOST is a leading global producer and supplier of safety-critical systems for the commercial vehicle industry with the core brands JOST, ROCKINGER, TRIDEC, Edbro and Quicke. JOST's global leadership position is driven by the strength of its brands, its long-standing client relationships serviced through its global distribution network as well as by its efficient and asset-light business model. With sales and production facilities in more than 20 countries across five continents, JOST has direct access to all major truck, trailer and agricultural tractor manufacturers worldwide as well as relevant end customers in the commercial vehicle industry. JOST currently employs more 3,500 staff across the world and has been listed on the Frankfurt Stock Exchange since 20 July 2017. For more information about JOST, please visit www.jost-world.com

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